



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

June 5, 2013

TO: Members  
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Distributional Impacts of Individual Income Tax Proposal

This memorandum provides information regarding the distributional impacts of provisions relating to the individual income tax provisions included in the omnibus motion adopted by the Joint Committee on Finance on general fund taxes (Motion #591). The full proposal is described in that motion.

The attached tables show the impacts of most of the proposed changes to the individual income tax for tax year 2014. Separate tables are shown for: (a) all filers (Attachment 1); (b) married-joint filers (Attachment 2); and (c) other filers (Attachment 3), which includes single, head-of-household, married-separate, and single-dependent filers.

Each table shows, by Wisconsin adjusted gross income (AGI) class, the taxpayers who would receive a tax decrease (upper left-hand section), those who would experience a tax increase (upper right-hand section), and all those who would be affected by the proposal (lower left-hand section). The information in the tables is from simulations prepared by the Department of Revenue (DOR), and shows the impacts of the proposal compared to current law.

The figures in the tables reflect all of the individual income tax provisions described in the motion except for those relating to depreciation, Section 179 expensing, and depletion; (b) capital gains on the sale of small business stock; and (c) extension of the research credits to pass-through entities. These provisions could not be simulated by DOR because of a lack of data or confidentiality restrictions.

BL/RO/sas  
Attachments

# ATTACHMENT 1

## Distribution of Taxpayers With a Tax Increase or Decrease Under Income Tax Proposal, Tax Year 2014

### All Filers

Wisconsin Adjusted Gross Income	Taxpayers with a Tax Decrease					Count of All Returns	% of All Returns in AGI Class	Taxpayers with a Tax Increase					Count of All Returns	% of All Returns in AGI Class
	Count	Percent of Count	Amount of Tax Decrease	Percent of Decrease	Average Decrease			Count	Percent of Count	Amount of Tax Increase	Percent of Increase	Average Increase		
Under \$5,000	22,070	1.08%	-\$95,000	0.03%	-\$4	359,380	6.1%	160	3.23%	\$128,000	1.29%	\$800	359,380	0.0%
5,000 to 10,000	18,460	0.91	-189,000	0.06	-10	234,830	7.9	200	4.04	37,000	0.37	185	234,830	0.1
10,000 to 15,000	83,030	4.07	-588,000	0.18	-7	195,630	42.4	170	3.43	55,000	0.56	324	195,630	0.1
15,000 to 20,000	123,970	6.08	-1,850,000	0.58	-15	176,450	70.3	190	3.84	62,000	0.63	326	176,450	0.1
20,000 to 25,000	134,920	6.62	-3,486,000	1.09	-26	160,430	84.1	130	2.63	44,000	0.44	338	160,430	0.1
25,000 to 30,000	143,490	7.04	-5,582,000	1.74	-39	151,120	95.0	170	3.43	73,000	0.74	429	151,120	0.1
30,000 to 40,000	268,440	13.17	-15,821,000	4.93	-59	272,320	98.6	410	8.28	200,000	2.02	488	272,320	0.2
40,000 to 50,000	216,430	10.62	-18,733,000	5.83	-87	217,980	99.3	430	8.69	337,000	3.41	784	217,980	0.2
50,000 to 60,000	174,560	8.56	-19,572,000	6.09	-112	175,530	99.4	390	7.88	420,000	4.25	1,077	175,530	0.2
60,000 to 70,000	145,060	7.11	-19,930,000	6.21	-137	145,850	99.5	400	8.08	487,000	4.92	1,218	145,850	0.3
70,000 to 80,000	123,720	6.07	-20,224,000	6.30	-163	124,350	99.5	350	7.07	580,000	5.86	1,657	124,350	0.3
80,000 to 90,000	105,710	5.18	-20,013,000	6.23	-189	106,160	99.6	250	5.05	506,000	5.11	2,024	106,160	0.2
90,000 to 100,000	87,430	4.29	-18,912,000	5.89	-216	87,830	99.5	230	4.65	451,000	4.56	1,961	87,830	0.3
100,000 to 150,000	241,010	11.82	-67,762,000	21.10	-281	242,120	99.5	680	13.74	1,919,000	19.40	2,822	242,120	0.3
150,000 to 200,000	74,240	3.64	-29,772,000	9.27	-401	74,740	99.3	290	5.86	976,000	9.87	3,366	74,740	0.4
200,000 to 250,000	28,020	1.37	-15,380,000	4.79	-549	28,280	99.1	150	3.03	749,000	7.57	4,993	28,280	0.5
250,000 to 300,000	13,550	0.66	-10,497,000	3.27	-775	13,720	98.8	90	1.82	541,000	5.47	6,011	13,720	0.7
300,000 and over	34,760	1.70	-52,772,000	16.43	-1,518	35,190	98.8	260	5.25	2,328,000	23.53	8,954	35,190	0.7
Total	2,038,870	100.00%	-\$321,178,000	100.00%	-\$158	2,801,910	72.8%	4,950	100.00%	\$9,893,000	100.00%	\$1,999	2,801,910	0.2%

Wisconsin Adjusted Gross Income	Taxpayers with a Tax Change					Count of All Returns	% of All Returns in AGI Class
	Count	Percent of Count	Amount of Tax Change	Percent of Change	Average Change		
Under \$5,000	22,230	1.09%	\$33,000	-0.01%	\$1	359,380	6.2%
5,000 to 10,000	18,660	0.91	-152,000	0.05	-8	234,830	7.9
10,000 to 15,000	83,200	4.07	-533,000	0.17	-6	195,630	42.5
15,000 to 20,000	124,160	6.07	-1,788,000	0.57	-14	176,450	70.4
20,000 to 25,000	135,050	6.61	-3,442,000	1.11	-25	160,430	84.2
25,000 to 30,000	143,660	7.03	-5,509,000	1.77	-38	151,120	95.1
30,000 to 40,000	268,850	13.15	-15,621,000	5.02	-58	272,320	98.7
40,000 to 50,000	216,860	10.61	-18,396,000	5.91	-85	217,980	99.5
50,000 to 60,000	174,950	8.56	-19,152,000	6.15	-109	175,530	99.7
60,000 to 70,000	145,460	7.12	-19,443,000	6.25	-134	145,850	99.7
70,000 to 80,000	124,070	6.07	-19,644,000	6.31	-158	124,350	99.8
80,000 to 90,000	105,960	5.18	-19,507,000	6.27	-184	106,160	99.8
90,000 to 100,000	87,660	4.29	-18,461,000	5.93	-211	87,830	99.8
100,000 to 150,000	241,690	11.83	-65,843,000	21.15	-272	242,120	99.8
150,000 to 200,000	74,530	3.65	-28,796,000	9.25	-386	74,740	99.7
200,000 to 250,000	28,170	1.38	-14,631,000	4.70	-519	28,280	99.6
250,000 to 300,000	13,640	0.67	-9,956,000	3.20	-730	13,720	99.4
300,000 and over	35,020	1.71	-50,444,000	16.21	-1,440	35,190	99.5
Total	2,043,820	100.00%	-\$311,285,000	100.00%	-\$152	2,801,910	72.9%

- An estimated 2,043,820, or 72.9%, of all taxfilers in 2014 would experience a tax change, with 2,038,870, or 72.8%, experiencing a tax decrease, and 4,950, or 0.2%, experiencing a tax increase.

- The total tax change is estimated at \$311.3 million in 2014, with tax decreases of \$321.2 million exceeding tax increases of \$9.9 million.

- Taxpayers with AGI greater than \$100,000 comprise 19.2% of those who would have a net tax change and would receive 54.5% of the net tax reduction. These taxpayers have 50.1% of AGI and pay 60.6% of income taxes under current law.

- Taxfilers without a tax change would include those with no tax liability under current law and some part-year residents and non-residents.

## ATTACHMENT 2

### Distribution of Taxpayers With a Tax Increase or Decrease Under Income Tax Proposal, Tax Year 2014

#### Married-Joint

Wisconsin Adjusted Gross Income	Taxpayers with a Tax Decrease					Count of All Returns	% of All Returns in AGI Class	Taxpayers with a Tax Increase					Count of All Returns	% of All Returns in AGI Class
	Count	Percent of Count	Amount of Tax Decrease	Percent of Decrease	Average Decrease			Count	Percent of Count	Amount of Tax Increase	Percent of Increase	Average Increase		
Under \$5,000	7,500	0.76%	-\$41,000	0.02%	-\$5	67,910	11.0%	140	3.44%	\$104,000	1.23%	\$743	67,910	0.2%
5,000 to 10,000	5,110	0.52	-74,000	0.03	-14	31,780	16.1	120	2.95	28,000	0.33	233	31,780	0.4
10,000 to 15,000	3,910	0.40	-93,000	0.04	-24	33,760	11.6	130	3.19	50,000	0.59	385	33,760	0.4
15,000 to 20,000	3,360	0.34	-109,000	0.05	-32	33,280	10.1	120	2.95	48,000	0.57	400	33,280	0.4
20,000 to 25,000	9,100	0.93	-175,000	0.07	-19	32,950	27.6	50	1.23	12,000	0.14	240	32,950	0.2
25,000 to 30,000	29,250	2.98	-634,000	0.27	-22	35,950	81.4	110	2.70	45,000	0.53	409	35,950	0.3
30,000 to 40,000	78,760	8.01	-3,344,000	1.43	-42	81,620	96.5	320	7.86	136,000	1.61	425	81,620	0.4
40,000 to 50,000	80,970	8.24	-6,256,000	2.68	-77	81,950	98.8	340	8.35	258,000	3.05	759	81,950	0.4
50,000 to 60,000	83,880	8.53	-8,884,000	3.80	-106	84,610	99.1	340	8.35	365,000	4.31	1,074	84,610	0.4
60,000 to 70,000	87,070	8.86	-11,582,000	4.95	-133	87,680	99.3	340	8.35	400,000	4.73	1,176	87,680	0.4
70,000 to 80,000	87,200	8.87	-14,006,000	5.99	-161	87,730	99.4	320	7.86	524,000	6.19	1,638	87,730	0.4
80,000 to 90,000	82,230	8.37	-15,409,000	6.59	-187	82,610	99.5	220	5.41	436,000	5.15	1,982	82,610	0.3
90,000 to 100,000	73,060	7.43	-15,682,000	6.71	-215	73,410	99.5	210	5.16	393,000	4.65	1,871	73,410	0.3
100,000 to 150,000	215,190	21.90	-60,478,000	25.87	-281	216,160	99.6	620	15.23	1,721,000	20.35	2,776	216,160	0.3
150,000 to 200,000	67,830	6.90	-27,029,000	11.56	-398	68,270	99.4	260	6.39	879,000	10.39	3,381	68,270	0.4
200,000 to 250,000	25,360	2.58	-13,610,000	5.82	-537	25,580	99.1	130	3.19	653,000	7.72	5,023	25,580	0.5
250,000 to 300,000	12,160	1.24	-9,384,000	4.01	-772	12,310	98.8	80	1.97	497,000	5.88	6,213	12,310	0.6
300,000 and over	30,850	3.14	-47,017,000	20.11	-1,524	31,220	98.8	220	5.41	1,910,000	22.58	8,682	31,220	0.7
Total	982,790	100.00%	-\$233,807,000	100.00%	-\$238	1,168,780	84.1%	4,070	100.00%	\$8,459,000	100.00%	\$2,078	1,168,780	0.3%

Wisconsin Adjusted Gross Income	Taxpayers with a Tax Change					Count of All Returns	% of All Returns in AGI Class
	Count	Percent of Count	Amount of Tax Change	Percent of Change	Average Change		
Under \$5,000	7,640	0.77%	\$63,000	-0.03%	\$8	67,910	11.3%
5,000 to 10,000	5,230	0.53	-46,000	0.02	-9	31,780	16.5
10,000 to 15,000	4,040	0.41	-43,000	0.02	-11	33,760	12.0
15,000 to 20,000	3,480	0.35	-61,000	0.03	-18	33,280	10.5
20,000 to 25,000	9,150	0.93	-163,000	0.07	-18	32,950	27.8
25,000 to 30,000	29,360	2.98	-589,000	0.26	-20	35,950	81.7
30,000 to 40,000	79,080	8.01	-3,208,000	1.42	-41	81,620	96.9
40,000 to 50,000	81,310	8.24	-5,998,000	2.66	-74	81,950	99.2
50,000 to 60,000	84,220	8.53	-8,519,000	3.78	-101	84,610	99.5
60,000 to 70,000	87,410	8.86	-11,182,000	4.96	-128	87,680	99.7
70,000 to 80,000	87,520	8.87	-13,482,000	5.98	-154	87,730	99.8
80,000 to 90,000	82,450	8.35	-14,973,000	6.64	-182	82,610	99.8
90,000 to 100,000	73,270	7.42	-15,289,000	6.78	-209	73,410	99.8
100,000 to 150,000	215,810	21.87	-58,757,000	26.07	-272	216,160	99.8
150,000 to 200,000	68,090	6.90	-26,150,000	11.60	-384	68,270	99.7
200,000 to 250,000	25,490	2.58	-12,957,000	5.75	-508	25,580	99.6
250,000 to 300,000	12,240	1.24	-8,887,000	3.94	-726	12,310	99.4
300,000 and over	31,070	3.15	-45,107,000	20.02	-1,452	31,220	99.5
Total	986,860	100.00%	-\$225,348,000	100.00%	-\$228	1,168,780	84.4%

- An estimated 986,860, or 84.4%, of all married-joint taxfilers in 2014 would experience a tax change, with 982,790, or 84.1%, experiencing a tax decrease, and 4,070, or 0.3%, experiencing a tax increase.

- The total tax change for this group of filers is estimated at -\$225.3 million in 2014, with tax decreases of \$233.8 million exceeding tax increases of \$8.5 million.

- For this group of filers, taxpayers with AGI greater than \$100,000 comprise 35.7% of those who would have a net tax change and would receive 67.4% of the net tax reduction. For this group, these taxpayers have 64.2% of AGI and pay 72.8% of income taxes under current law.

- Taxfilers without a tax change would include those with no tax liability under current law and some part-year residents and non-residents.

## ATTACHMENT 3

### Distribution of Taxpayers With a Tax Increase or Decrease Under Income Tax Proposal, Tax Year 2014

<b>Other Filers</b> Wisconsin Adjusted Gross Income	Taxpayers with a Tax Decrease					Count of All Returns	% of All Returns in AGI Class	Taxpayers with a Tax Increase					Count of All Returns	% of All Returns in AGI Class
	Count	Percent of Count	Amount of Tax Decrease	Percent of Decrease	Average Decrease			Count	Percent of Count	Amount of Tax Increase	Percent of Increase	Average Increase		
Under \$5,000	14,570	1.38%	-\$54,000	0.06%	-\$4	291,470	5.0%	20	2.27%	\$24,000	1.67%	\$1,200	291,470	0.0%
5,000 to 10,000	13,350	1.26	-115,000	0.13	-9	203,050	6.6	80	9.09	9,000	0.63	113	203,050	0.0
10,000 to 15,000	79,120	7.49	-495,000	0.57	-6	161,870	48.9	40	4.55	5,000	0.35	125	161,870	0.0
15,000 to 20,000	120,610	11.42	-1,741,000	1.99	-14	143,170	84.2	70	7.95	14,000	0.98	200	143,170	0.0
20,000 to 25,000	125,820	11.91	-3,311,000	3.79	-26	127,480	98.7	80	9.09	32,000	2.23	400	127,480	0.1
25,000 to 30,000	114,240	10.82	-4,948,000	5.66	-43	115,170	99.2	60	6.82	28,000	1.95	467	115,170	0.1
30,000 to 40,000	189,680	17.96	-12,477,000	14.28	-66	190,700	99.5	90	10.23	64,000	4.46	711	190,700	0.0
40,000 to 50,000	135,460	12.83	-12,477,000	14.28	-92	136,030	99.6	90	10.23	79,000	5.51	878	136,030	0.1
50,000 to 60,000	90,680	8.59	-10,688,000	12.23	-118	90,920	99.7	50	5.68	55,000	3.84	1,100	90,920	0.1
60,000 to 70,000	57,990	5.49	-8,348,000	9.55	-144	58,170	99.7	60	6.82	87,000	6.07	1,450	58,170	0.1
70,000 to 80,000	36,520	3.46	-6,218,000	7.12	-170	36,620	99.7	30	3.41	56,000	3.91	1,867	36,620	0.1
80,000 to 90,000	23,480	2.22	-4,604,000	5.27	-196	23,550	99.7	30	3.41	70,000	4.88	2,333	23,550	0.1
90,000 to 100,000	14,370	1.36	-3,230,000	3.70	-225	14,420	99.7	20	2.27	58,000	4.04	2,900	14,420	0.1
100,000 to 150,000	25,820	2.44	-7,284,000	8.34	-282	25,960	99.5	60	6.82	198,000	13.81	3,300	25,960	0.2
150,000 to 200,000	6,410	0.61	-2,743,000	3.14	-428	6,470	99.1	30	3.41	97,000	6.76	3,233	6,470	0.5
200,000 to 250,000	2,660	0.25	-1,770,000	2.03	-665	2,700	98.5	20	2.27	96,000	6.69	4,800	2,700	0.7
250,000 to 300,000	1,390	0.13	-1,113,000	1.27	-801	1,410	98.6	10	1.14	44,000	3.07	4,400	1,410	0.7
300,000 and over	3,910	0.37	-5,755,000	6.59	-1,472	3,970	98.5	40	4.55	418,000	29.15	10,450	3,970	1.0
Total	1,056,080	100.00%	-\$87,371,000	100.00%	-\$83	1,633,130	64.7%	880	100.00%	\$1,434,000	100.00%	\$1,630	1,633,130	0.1%

  

Wisconsin Adjusted Gross Income	Taxpayers with a Tax Change					Count of All Returns	% of All Returns in AGI Class							
	Count	Percent of Count	Amount of Tax Change	Percent of Change	Average Change									
Under \$5,000	14,590	1.38%	-\$30,000	0.03%	-\$2	291,470	5.0%							
5,000 to 10,000	13,430	1.27	-106,000	0.12	-8	203,050	6.6							
10,000 to 15,000	79,160	7.49	-490,000	0.57	-6	161,870	48.9							
15,000 to 20,000	120,680	11.42	-1,727,000	2.01	-14	143,170	84.3							
20,000 to 25,000	125,900	11.91	-3,279,000	3.82	-26	127,480	98.8							
25,000 to 30,000	114,300	10.81	-4,920,000	5.73	-43	115,170	99.2							
30,000 to 40,000	189,770	17.95	-12,413,000	14.44	-65	190,700	99.5							
40,000 to 50,000	135,550	12.82	-12,398,000	14.43	-91	136,030	99.6							
50,000 to 60,000	90,730	8.58	-10,633,000	12.37	-117	90,920	99.8							
60,000 to 70,000	58,050	5.49	-8,261,000	9.61	-142	58,170	99.8							
70,000 to 80,000	36,550	3.46	-6,162,000	7.17	-169	36,620	99.8							
80,000 to 90,000	23,510	2.22	-4,534,000	5.28	-193	23,550	99.8							
90,000 to 100,000	14,390	1.36	-3,172,000	3.69	-220	14,420	99.8							
100,000 to 150,000	25,880	2.45	-7,086,000	8.25	-274	25,960	99.7							
150,000 to 200,000	6,440	0.61	-2,646,000	3.08	-411	6,470	99.5							
200,000 to 250,000	2,680	0.25	-1,674,000	1.95	-625	2,700	99.3							
250,000 to 300,000	1,400	0.13	-1,069,000	1.24	-764	1,410	99.3							
300,000 and over	3,950	0.37	-5,337,000	6.21	-1,351	3,970	99.5							
Total	1,056,960	100.00%	-\$85,937,000	100.00%	-\$81	1,633,130	64.7%							

- This table includes single, head-of-household, married-separate, and single-dependent filers.

- An estimated 1,056,960, or 64.7%, of all taxpayers in this group in 2014 would experience a tax change, with 1,056,080, or 64.7%, experiencing a tax decrease, and 880, or 0.1%, experiencing a tax increase.

- The total tax change for this group of filers is estimated at \$85.9 million in 2014, with tax decreases of \$87.4 million exceeding tax increases of \$1.4 million.

- For this group of filers, taxpayers with AGI greater than \$100,000 comprise 3.8% of those who would have a net tax change and would receive 20.7% of the net tax reduction. For this group, these taxpayers have 17.7% of AGI and pay 26.4% of income taxes under current law.

- Taxfilers without a tax change would include those with no tax liability under current law and some part-year residents and non-residents.